



CLEAN ENERGY REWARDS

Montgomery County, Maryland, Department of Environmental Protection

**ENERGY SUPPLIER
PROGRAM REQUIREMENTS
AND PROCEDURES**

This set of Program Requirements and Procedures outlines the documentation and information required by the Montgomery County Department of Environmental Protection to identify Energy Suppliers and their products as eligible to participate in Clean Energy Rewards. Both the supplier and its products must meet the program requirements and criteria as outlined in the Montgomery County Executive Regulation 2-06AM.

CERTIFYING ENERGY SUPPLIERS

To ensure the energy suppliers are licensed to supply, market, and/or sell energy products in Maryland and that the business is in good standing operationally, Montgomery County must review the business information of any energy supplier interested in participating in the program. This documentation verifies the eligibility of the business to participate in a government operated program (Clean Energy Rewards), and is an act of due diligence on behalf of Montgomery County to its taxpayers.

DEP requires interested energy suppliers to submit documentation and product information verifying the company's licensure and energy product generation data. Energy suppliers are required to submit the following information:

- A signed Memorandum of Understanding between the supplier and the Department (Attachment A).
- *Clean Energy Rewards Energy Supplier Declaration* form (Attachment B). Note: this document requires energy supplier to provide the maillog numbers for the original and the most recent annual update to the *Application for License to Supply Electricity to the Public in the State of Maryland* filed with the Maryland Public Service Commission (PSC). DEP requests that maillog numbers for subsequent updates be provided on an annual basis.
- The number of Montgomery County consumers currently purchasing any clean energy product from the supplier and their annual energy consumption.
- Within 18 months of developing a product for the program, energy suppliers are required to submit copies of the Environmental Information Labels for each eligible energy product.
- By April of the year following supplier certification in Clean Energy Rewards, the energy supplier must submit information verifying that it met the requirements of the Maryland Renewable Portfolio Standard for the year prior. This can be a copy of the report as required by the PSC in section 7-705 of the Maryland Renewable Portfolio Standard.

The information listed above will be stored at the Department of Environmental Protection as confidential information and will be used strictly for supplier verification and auditing purposes.

Energy suppliers are required to comply with all Maryland Public Service Commission regulations, such as Public Utility Companies Article, §§ 7-501 et seq. (Electric Consumer Choice and Competition Act of 1999) and Public Utility Company Article, §7-703 (RPS). Any energy supplier non-compliant with PSC requirements will be removed from the program as an energy supplier.

CLEAN ENERGY PRODUCT VERIFICATION

Each energy product must meet the definition of “clean energy” as described in the Montgomery County Executive Regulation 2-06AM. Eligible energy products must be generated in the PJM Regional Transmission Organization (RTO) from the following sources:

- Solar
- Wind
- Tier 1 Biomass as cited in the Maryland Code, Public Utility Company Article, §7-703

Additionally, the product must be composed of at least 50% eligible clean energy to earn rewards through the program.

Energy suppliers must identify the energy product(s) it plans to market as eligible for Clean Energy Rewards in the *Energy Supplier Declaration* (Attachment B) and attest that this/these clean energy product(s) are generated in PJM and from a program eligible energy source. DEP will issue a letter acknowledging product(s) can be marketed as program eligible clean energy once the supplier is certified and identifies the product(s) it will be marketing.

To ensure the energy products identified in the Declaration meet the program requirements, suppliers must provide information to DEP identifying the content of each clean energy product marketed through the program. Each energy supplier will be required to deposit program eligible RECs into a Reserve Subaccount in GATS so the RECs appear in the *Reserve Certificate Transactions* report. The RECs must be identified with GATS Reason Code “ENV” and be claimed as supporting the Montgomery County Maryland Clean Energy Rewards Program.

The following information for Clean Energy Rewards certified products must be visible/accessible to the Department through GATS:

1. Number (both quantity and REC serial numbers) of RECs reserved by the energy supplier to supply Clean Energy Rewards eligible products
2. Certificates for each sequence of RECs as identified in #1
3. An emission report for the energy generation as represented in #1.

The Department recognizes that the volume of clean energy supplied throughout the year may not correspond to the actual consumption identified in the quarterly reports. Therefore a true-up will be conducted at the end of the trading year (February). The energy consumption as reported quarterly in the *Quarterly Consumer Consumption Report for Clean Energy Suppliers* (Attachment C-1) and *Clean Energy Sales and Consumer Verification Form* (Attachment C-2) will be totaled and used to compare to the clean energy as reserved for the program in GATS. The volume of clean energy reserved by each supplier must be greater than the total amount of energy consumed by program participants.

Should an energy supplier’s eligible clean energy supply be less than the volume of certified clean energy consumed by program participants, the energy supplier will receive a Class A violation from Montgomery County and will be reported to the Maryland Public Service Commission for false product claims.

Non-residential and Commercial Products

The program serves small businesses and community groups interested in purchasing clean energy. Any commercially available or large clean energy purchases composed of at least 50% program certified clean energy is eligible for a reward up to the program’s annual cap of 100,000 kWh.

Product Marketing Plan

In conjunction with generation data for each energy product, the supplier must provide a basic marketing plan outlining how each product will be promoted both in and outside of Clean Energy Rewards. The marketing plan should be no more than two pages in length, and should provide the following information:

- Identify the mediums through which the product will be promoted, i.e., web site, print, newsletter, bill stuffer, etc.
- What markets will be targeted
- Estimated dates of advertisements and any press releases
- Explain or provide an example of how the supplier plans to identify the product as program eligible clean energy.

CLEAN ENERGY REWARDS PARTICIPANT ENROLLMENT AND MANAGEMENT

Providing Information to Consumers About Choosing Energy Products

Clean energy products should be marketed as alternatives to those derived from other energy sources. If the energy supplier offers several clean energy products, then the supplier must clearly identify those products eligible for rewards through the program. Any materials describing clean energy products should include information about pricing and how to subscribe to the service.

Consumer Minimum and Maximum Clean Energy Consumption Requirements

To be eligible for a reward through the Clean Energy Rewards program, both residential and non-residential consumers must purchase a product composed of at least 50% eligible clean energy. Maximum rewards levels for residents will be up to 20,000 kWh annually. Non-residential consumers can receive rewards for up to 100,000 kWh annually. Any consumer's clean energy consumption outside of the eligible limit of their category will not be considered for rewards.

Consumer Enrollment Process

Consumers must purchase and sign a contract for a certified clean energy product in order to qualify for a reward. Each supplier can determine how best to enroll consumers in the program and should inform DEP of the procedure before launching the program. A few options clean energy suppliers might consider are:

1. ***Automatic enrollment*** – The supplier automatically enrolls Montgomery County consumers already purchasing eligible clean energy. Automatic enrollment may not include a change to tariffs or pricing. Additionally, rewards reimbursed by Montgomery County cannot be used by the supplier for administrative purposes.
 - a. ***Existing eligible clean energy product*** – If the supplier is currently marketing an eligible clean energy product, then any Montgomery County consumer already purchasing that product is notified of the program through an appropriate mechanism as determined by the energy supplier. The consumer will then begin receiving a reward from Montgomery County for purchasing clean energy. DEP can assist with developing marketing materials for this purpose.
 - b. ***Non existing clean energy product*** – If the supplier is developing a new product to be eligible for rewards, then any consumer purchasing that product with a verifiable Montgomery County zip code should be automatically enrolled in the program and should start receiving rewards on the first energy bill following the start of the consumer's clean energy service.

2. **Customer opt-in** – customers purchasing, or planning to purchase an eligible clean energy product can sign-on to the program by either:
 - a. Calling the supplier's customer service center to purchase an eligible clean energy product.
 - b. If the customer is already purchasing clean energy, then they can enroll via an appropriate mechanism as determined by the energy supplier. This could be an on-line enrollment form on the supplier's Web site, call the supplier's customer service, or enroll in another manner through the energy supplier.
3. **Contract Renewal** – The clean energy supplier may allow consumers already purchasing a green energy product to switch to a Clean Energy Rewards eligible product. DEP would prefer that all current customers have the option to switch to an eligible product as of January 2007, but understands that this may not be possible for all providers.

The Department would prefer that the clean energy supplier automatically enroll eligible customers as described in #3 above, but acknowledges that this may not be possible with all operating systems and business models. DEP is willing to explore other customer enrollment options tailored to individual suppliers.

Participant Welcome Packets

After enrolling in the program each participant will receive a "Welcome Packet" from DEP. The packet will include program information and a "thank you" gift for purchasing clean energy and participating in the program. Additional materials will be considered for inclusion as deemed necessary by the Montgomery County DEP and the energy suppliers. DEP will discuss ways to work with energy suppliers to obtain consumers' names and addresses to deliver these materials in a timely manner.

Customer Service

The Department will host a web page, email address, and telephone number for program information. DEP will respond to participants in the following areas:

- Questions about clean energy
- Questions about the program and how to participate
- Collection of feedback, both positive and negative, on eligible providers. Feedback will be retained in a database for review by both the Director of DEP and suppliers.

To further assess consumer satisfaction DEP will spot-check consumers participating in the program. The purpose of this is to verify that the consumer(s) exists, is enrolled in the program, and are satisfied with the rewards they received from the supplier.

Energy suppliers are responsible for resolving consumer contracts and product and billing questions.

DATABASE MANAGEMENT

To justify program expenditures Montgomery County must manage program information, and eventually, be able to audit the Clean Energy Rewards program. An audit is intended to protect against fraudulent claims for program reimbursement funds and to spot-check the eligibility of program participants. Suppliers are required to deliver consumer information to DEP at the end of each quarter for this purpose. Any and all consumer information will be used by the Department for measurement and evaluation purposes only. Aggregate information about the number of program participants, amount of renewable energy purchased by participants, and/or program expenditures may be released to the public for reporting purposes.

All clean energy suppliers will be responsible for tracking and storing each consumer contact information, consumer clean energy consumption, and other program related data and reporting it to the Department. Attachments C-2 *Quarterly Consumer Consumption Report for Clean Suppliers*, and C-3 *Clean Energy Sales and Consumer Verification Form* must be submitted with any request for program reimbursement funds. Both documents are available electronically, or the data below can be submitted in a comma delimited format (.csv) with column width specified for each of the necessary fields. Data fields in these forms include:

- Customers Name, Address, and Phone Number
- Customer Number
- Clean Energy Service Contract Start Date
- Terms of Contract (number of months)
- Clean Energy Product Supplied
- Percentage of Clean Energy
- Price/kWh (Generation and Transmission)
- Customer's Monthly Energy Consumption for that quarter/year (kWh)
- Early Termination of Service (yes if applicable)
- Early Termination Date.

Because different incentive rates and caps are assigned to residential and non-residential consumers, a unique report for residential and non-residential consumers must be submitted to DEP.

Additionally, the following aggregate data fields must be reported per quarter. Use Attachment C-1: *Quarterly Consumer Consumption Report for Renewable Electricity Suppliers* for this purpose. This document contains the following aggregate data fields:

- Total Product Sold to Eligible Consumers
 - Total kWh
 - Total Number of Consumers
 - Rewards Passed onto Consumers
- Sales to Eligible Residential Customers
 - Total kWh
 - Total Number of Consumers
 - Rewards Passed onto Consumers
- Sales to Eligible Non-Residential Customers
 - Total kWh
 - Total Number of Consumers
 - Rewards Passed onto Consumers
- Corrections or adjustments to previous quarter consumption.

REWARD PAYMENT PROCESS

Since energy suppliers have billing systems to invoice consumers and manage the pricing of their product, the Department requests that all suppliers adopt a process to deliver program rewards to participants. DEP encourages each supplier to develop reward payment procedures that work within its business model.

The Department suggests the following methods be considered:

1. Develop a line item on customers' bills to display the Clean Energy Reward, a credit from the program. This credit should be identified as the "Clean Energy Reward" when possible.
2. Reimburse the consumers with a credit on their energy bill on a quarterly basis in conjunction with receiving the reimbursement check from Montgomery County.
3. Mail a check to consumers either on an annual or quarterly basis for their incentive amount.
4. Electronically transfers funds to an account specified by the consumer.

Montgomery County will reimburse energy suppliers for rewards paid to consumers. All funds received from the County must be maintained with an identifiable accounting system for Clean Energy Rewards funds paid out to consumers and reimbursed by the County. As noted above, consumer information must be delivered to DEP prior to receiving reimbursement payments for rewards. This information (C-1 *Quarterly Consumer Consumption Report for Clean Suppliers*, and C-2 *Clean Energy Sales and Customer Verification Form*) received with an invoice for the rewards paid must be submitted to DEP with 15 days of the end of the quarter, or 15 days after the final date of the energy product supplier's billing cycle. Once this information is reconciled the Montgomery County Department of Finance will release a check to the energy supplier for payment.

Invoices submitted to Montgomery County must contain the following fields:

- Name of the Company, Address, and Phone number
- Invoice Number
- Invoice Date
- Invoice Charge Timeframe (energy consumption tracking dates)
- Payer: Montgomery County Government
- Invoice Total
- Line item fields must contain:
 - Customer Number
 - Customer Name
 - Volume of Clean Energy Consumed during the noted Timeframe
 - Customer's Energy Consumption Credited with Reward during the noted Timeframe
 - Amount of the Rebate (Note: this is the reward for purchasing clean energy. Due to payment procedures the term "rebate" should be used on the invoice submitted to Montgomery County for payment.)
 - Customer's YTD Energy Consumed Toward Annual Program Consumption Cap for Rewards

Suppliers can anticipate receiving a reimbursement check from Montgomery County within 30 days after the customer information is received.

Reward Calculations

The following calculations are provided in Executive Regulation 2-06AM and are the calculations to use to determine the reward amount for each program participant. These calculations will be used by DEP to spot-check any invoices and consumer data received from suppliers for reward reimbursement.

Some program participants may purchase clean energy and RECs, or even generate their energy on-site. **For the purposes of evaluating customer data solely from energy suppliers, the Department will rely on *Formula 1* to determine the reward level for the consumer.**

Formula 1: Consumer meets the minimum clean energy requirement solely with electricity purchased from a clean energy supplier

Incentive Rate x Total Clean Energy Consumption in kWh_{pre-determined time-frame} ≤ Eligible clean energy cap x (% Clean Energy/100) = Clean Energy Incentive Payment

Example calculation:

\$0.01 kWh X 3,000 kWh/quarter x (100/100) = \$30.00/quarter

Formula 2: Consumer meets the minimum clean energy requirement solely by purchasing Renewable Energy Credits (RECs)

Incentive Rate x RECs purchased (kWh equivalent)_{predetermined time-frame} ≤ Eligible clean energy cap = Clean Energy Incentive Payment

Example calculation:

\$0.01/kWh X 3,000 kWh/quarter = \$30.00/quarter

Formula 3. Consumer meets the minimum clean energy requirement with electricity purchased from a clean energy supplier and the purchase of RECs

Formula 1_{purchased from clean energy supplier} + Formula 2_{renewable energy credits} = Clean Energy Incentive Payment

Formula 4: Consumer meets the minimum clean energy requirement solely with electricity produced by an on-site generator

Incentive Rate x Energy Generated On-site (kWh)_{pre-determined time-frame} ≤ Eligible clean energy cap = Clean Energy Incentive Payment

Formula 5: Consumer meets the minimum clean energy requirement with electricity produced by an on-site generator and purchased from a clean energy supplier

Formula 4_{on-site generation} + Formula 1_{purchased from clean energy supplier} = Clean Energy Incentive Payment

Formula 6. Consumer meets the minimum clean energy requirement with electricity produced by an on-site generator and the purchase of RECs

Formula 4_{on-site generation} + Formula 2_{renewable energy credits} = Clean Energy Incentive Payment

MARKETING

DEP is the main marketing arm of Clean Energy Rewards. DEP will publish a list of certified energy suppliers providing eligible clean energy products to Montgomery County consumers. Clean energy suppliers are responsible for providing company logos and language about its product inclusion in program marketing materials. Updated information must be supplied to DEP as corporate identity or product information changes.

Please see pages 7-8 of the Program Plan for more information

CONTINUING CUSTOMER PARTICIPATION IN CLEAN ENERGY REWARDS

Many energy service contracts are negotiated for a specified timeframe. Montgomery County DEP anticipates some consumers participating in Clean Energy Rewards may switch clean energy products after the existing contract expires. Suppliers must update DEP with these consumer changes to ensure reward payments are accurate and reflect the participation in the program.

Please see pages 10-11 of the Program Plan for more information on this topic.

ATTACHMENTS FOR ENERGY SUPPLIERS

C-1: Quarterly Consumer Consumption Report for Clean Energy Suppliers

C-2: Clean Energy Sales and Consumer Verification form

C-3: Clean Energy Rewards Participation Termination form